

BEFORE THE  
POSTAL REGULATORY COMMISSION  
WASHINGTON, D.C. 20268-0001

REMOVAL FROM THE COMPETITIVE PRODUCT LIST  
PARCEL RETURN SERVICE

Docket No. MC2022-95

**USPS RESPONSE TO  
CHAIRMAN'S INFORMATION REQUEST NO. 1,  
WITH PORTIONS FILED UNDER SEAL**  
(September 8, 2022)

The United States Postal Service hereby provides its response to Chairman's Information Request (CHIR) No. 1, which was issued on September 1, 2022. Responses were due by September 8, 2022. Each question is reprinted verbatim in the attached, and is followed by the Postal Service's response. Certain portions of the Postal Service's responses are being filed under seal. Attached is an Application for Non-Public Treatment for the protection of the material filed under seal today.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorney:

Elizabeth A. Reed

475 L'Enfant Plaza, SW  
Washington, D.C. 20260  
(202) 268-3179  
[Elizabeth.A.Reed@usps.gov](mailto:Elizabeth.A.Reed@usps.gov)  
September 8, 2022

## USPS RESPONSES TO CHAIRMAN’S INFORMATION REQUEST NO. 1

1. The Postal Service states that three customers currently utilize the competitive Parcel Return Service at published rates which the Postal Service proposes to eliminate from its Competitive Product List.
  - a. Please identify the following regarding the three customers currently using competitive Parcel Return Service at published rates:
    - i. The name of each customer;
    - ii. The industry of each customer;
    - iii. Whether the Postal Service views each customer as a small, medium, or large business and the basis for this view (e.g., number of employees, annual revenue);
    - iv. The geographic location(s) of each customer’s headquarters and operations;
    - v. The extent to which each customer uses other Postal Service return options; and
    - vi. The extent to which each customer uses negotiated service agreements (NSAs) (whether related to returns or otherwise).
  - b. Has the Postal Service obtained the views of the three customers using Parcel Return Service at published rates regarding the “appropriateness of the proposed modification” to eliminate Parcel Return Service from the Competitive Product List?
  - c. Has the Postal Service obtained the views of any other customers that have used Parcel Return Service at published rates during fiscal year (FY) 2022 or FY 2021 regarding the “appropriateness of the proposed modification” to eliminate Parcel Return Service from the Competitive Product List?
  - d. If any views requested in b. or c. above have been obtained by the Postal Service, please provide the information the Postal Service has obtained regarding the proposed modification to eliminate Parcel Return Service from the Competitive Product List.

**RESPONSE:**

a.

Customer Name	Industry	Size	Locations	Uses USPS Returns	Has an NSA
United Parcel Service	Transportation & Logistics Company	Large	Nationwide	Yes	FILED UNDER SEAL
Pitney Bowes, Inc.	Shipping and Mailing Company	Large	Nationwide	Yes	FILED UNDER SEAL
FedEx Corporation	Transportation & Logistics Company	Large	Nationwide	Yes	FILED UNDER SEAL

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- b. Yes.
- c. No other customers used PRS RDU and RSCF at published rates during FY2021 and FY2022.
- d. Response filed under seal.

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2. For each fiscal year between FY 2018 through FY 2022, how many customers have utilized Parcel Return Service at published competitive rates?

**RESPONSE:**

	Number of customers
FY18	0
FY19	3
FY20	4
FY21	3
FY22 YTD	3

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3. For each fiscal year between FY 2018 through FY 2022, please provide the volumes and revenue associated with Parcel Return Service at published competitive rates.

### RESPONSE:

The revenue and volume in thousands are shown below.

	Revenue (000)	Volume (000)
FY18	-	-
FY19	181	8
FY20	100	3
FY21	84,080	18,615
FY22 YTD	66,710	14,017

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4. Has the Postal Service negotiated unsuccessfully for a Parcel Return Service NSA in FY 2022 with any of the three customers currently utilizing Parcel Return Service at published competitive rates? If so, please explain.

**RESPONSE:**

No.

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5. Has the Postal Service negotiated unsuccessfully for a Parcel Return Service NSA in FY 2022 with any customers or potential customers other than the three customers currently utilizing Parcel Return Service at published competitive rates? If so, please explain.

**RESPONSE:**

No.

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6. The Annual Compliance Determination for FY 2021 indicates there were six NSAs for Parcel Return Service and seven such agreements for Parcel Select & Parcel Return Service, and the Annual Compliance Determination for FY 2020 indicates there were seven NSAs for Parcel Return Service and six for Parcel Select & Parcel Return Service.<sup>1</sup> Please provide the comparable number of NSAs in FY 2022 to date and the volumes and revenue associated with those NSAs.

### **RESPONSE:**

An Excel file responsive to this question has been filed under seal.

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<sup>1</sup> See Docket No. ACR2021, *Annual Compliance Determination*, March 29, 2022, Table IV-1; Docket No. ACR2020, *Annual Compliance Determination*, March 29, 2021, Table IV-1.

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7. Please refer to the Postal Service's statement in its Statement of Supporting Justification that elimination of Parcel Return Service from the competitive product list will "minimize customer confusion." Request, Attachment B at 1, section a.
  - a. Please explain all bases for the Postal Service's statement.
  - b. Please explain the source of the customer confusion.

### **RESPONSE:**

- a. By eliminating Parcel Return Service from the competitive product list, it will simplify the Postal Service's product offerings and minimize customer confusion over the available offerings for returns.
- b. Customers may see "Parcel Return Service" on the competitive product list and think it is the Postal Service's preferred, or perhaps only, option available for package returns. In fact, Parcel Return Service only serves bulk returns, not single-piece returns from most retail customers or small to medium businesses.

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8. If the complexity of the competitive Parcel Return Service published rates has been a source of customer confusion, please explain why a less detailed rate schedule structured like the market dominant rate schedule for Ancillary Service, Bulk Parcel Return Service, MCS Section 1504.4, would not satisfactorily reduce or eliminate the customer confusion.

### **RESPONSE:**

That sort of rate schedule may arguably reduce customer confusion somewhat, but the Postal Service believes the removal of Parcel Return Service from the competitive product list is the preferred course of action for the reasons detailed in this docket, and as directed by the Board of Governors.

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9. The Postal Service Request indicates that it intends to continue to offer competitive Parcel Return Service Product to customers via NSAs. Request at 1. Please explain why the competitive Product List in the Mail Classification Schedule (MCS) should not continue to include competitive Parcel Return Service as a Product offering in accordance with the Commission's regulations at 39 C.F.R. § 3040.101 *et seq.*, with an indication the Product is available through NSAs.

### **RESPONSE:**

The Postal Service does not believe it is appropriate to list Parcel Return Service on the competitive product list among the list of domestic products in Section 2000 of the Mail Classification Schedule (MCS), and specifically under Sections 2100.1 and 2120, if the service is only available via NSAs, as this could further contribute to customer confusion. The other domestic products in Section 2100.1 are all publicly available.

The Postal Service assumes the Commission would continue to list each individual Parcel Return Service NSA in the MCS under Section 2500, Negotiated Service Agreements.

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10. Please confirm that, if the Postal Service's Request in this proceeding is granted, and if a potential customer is unable to reach agreement with the Postal Service for an NSA on the price and conditions of service for competitive Parcel Return Service, the potential customer would not otherwise have access to the Postal Service's competitive Parcel Return Service.

**RESPONSE:**

Confirmed.

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11. If Parcel Return Service is removed from the MCS as a Product, please explain how a new customer would be expected to be assured that competitive Parcel Return Service is an available Product through an NSA and learn the terms and conditions of such Product.

### **RESPONSE:**

Reference will be made in the DMM to contact a USPS Sales Representative. The USPS Sales Representative will be responsible for communicating the requirements for the service and connecting the customer to the contract group.

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12. If Parcel Return Service is removed from the MCS as a Product, please explain whether and how the Postal Service would report Parcel Return Service data to the Commission in its Annual Compliance Report.

**RESPONSE:**

Yes, the Postal Service would report the data in the Annual Compliance Report, all under a single category of NSA.

<b>Current State Reporting Category</b>	<b>Future State Reporting Category</b>
Parcel Return Service Mail	Parcel Return Service NSA
Parcel Return Service NSA	

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13. If competitive Parcel Return Service is removed from the MCS as a Product, what would prevent the Postal Service from discontinuing offering that product through an NSA without further notifying the Commission?

### **RESPONSE:**

The Postal Service could make the business decision to terminate any existing Parcel Return Service NSAs in the future, but the Commission would be notified through notices of early termination for these contracts.